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Appendix C:
Denali Commission FY07 Work Plan



Denali Commission Federal Fiscal Year 2007 Work Plan



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INTRODUCTION

The Denali Commission (Commission) is an independent federal agency based on an innovative federal-state partnership designed to provide critical utilities, infrastructure and support for economic development and in training in Alaska by delivering federal services in the most cost-effective manner possible. The Commission was created in 1998 with passage of the October 21, 1998 Denali Commission Act (Act) (Title III of Public Law 105-277, 42 USC 3121).

The Commission's mission is to partner with tribal, federal, state, and local governments and collaborate with all Alaskans to improve the effectiveness and efficiency of government services, to develop a well-trained labor force employed in a diversified and sustainable economy, and to build and ensure the operation and maintenance of Alaska's basic infrastructure.

By creating the Commission, Congress mandated that all parties involved partner together to find new and innovative solutions to the unique infrastructure and economic development challenges in America's most remote communities.

Pursuant to the Denali Commission Act, as amended, the Commission determines its own basic operating principles and funding criteria on an annual federal fiscal year (October 1 to September 30) basis. The Commission outlines these priorities and funding recommendations in an annual Work Plan.

Pursuant to the Act, the Work Plan is first provided in draft for Commissioner discussion, recommended via motion by the Commission for publication in the *Federal Register* for a period of no less than 30 days and for broad dissemination for written public comment. Commission staff is responsible for compiling written public comment and forwarding it to the Commission's Federal Co-Chair (Mr. George J. Cannelos).

The Federal Co-Chair then adopts a final version of the Work Plan, which includes, to the degree the Federal Co-Chair deems appropriate, modifications, additions and deletions based on the policy and program recommendations of the full Commission and public comment. The final version of the Work Plan is adopted by the Commission, forwarded to the Secretary of Commerce and to the Federal Office of Management and Budget (OMB), on behalf of the Federal Co-Chair. The Work Plan is also disseminated widely to Commission program partners including, but not limited to the Bureau of Indian Affairs (BIA), the Economic Development Administration (EDA), and the United States Department of Agriculture – Rural Development (USDA-RD).

The Work Plan authorizes the Federal Co-Chair to enter into grant agreements, award grants and contracts and obligate the federal funds identified by appropriation below.

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In past federal fiscal year the Commission would provide a draft Work Plan for Commissioners' review, discussion, and forwarding to the *Federal Register* and public posting in the early fall or late winter. A revised final version of the plan would then be released by the Federal Co-Chair in late spring or early summer. However, due to the Continuing Resolution (CR) that affected all federal appropriations in FY 07, and which was not passed until February 15, 2007, the publication of the draft Work Plan has not followed the typical timeline.

The Federal Co-Chair may enter into grants for the FY 07 period after publication of the draft Work Plan, and before all public comment is received. This is necessary to ensure that construction, barge and project schedules are not compromised and that project costs do not escalate due to delays. If appropriations are passed within ordinary fiscal year timelines outlined above, this step would ordinarily not be necessary.

The Commission is also in the process of completing its first ever Program Evaluation, and will be using its findings to embark on a Strategic Planning initiative. References in this document to "the Strategic Planning" process refer to that activity which the Commission will begin undertaking in the summer of calendar year 2007.

FY 07 APPROPRIATIONS SUMMARY

The Denali Commission receives several federal funding sources (identified by the varying colors in the table below). These fund sources, commonly referred to as "appropriations," are governed by the following general principles:

- In FY 07 there are no project specific earmarks in any appropriations;
- Energy and Water Appropriations (commonly referred to as Commission "Base" funding) is eligible for use in all programs, but has historically been used substantively to fund the Energy Program.
- The Energy Policy Act of 2005 established new authorities for the Commission's Energy Program, with an emphasis on renewable and alternative energy projects. No new funding accompanied the Energy Policy Act, and Congressional direction has indicated that the Commission should fund renewable and alternative Energy Program activities from the available FY 07 "Base" appropriation.
- All other appropriations outlined below may be used only for the specific program area and may not be used across programs. For instance, Health Resources and Services Administration (HRSA) funding, which is appropriated for the Health Facilities Program, may not be moved to the Economic Development Program.

A 1% federal rescission was passed in the CR for FY 07. The application of this rescission is noted below. It is applied at the appropriation level, as is the Commission's 5% overhead. In instances where the rescission and/or overhead differs from the rates discussed above (1% and 5% respectively) it is due to the requirements related to that appropriation. For example, TAPL is not from an appropriation, so it is not subject to a rescission.

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Final transportation appropriations received will be slightly reduced due to agency modifications, reductions and fees determined by the U.S. Department of Transportation.

Some appropriation figures are estimates, pending receipt of funds, and clarification of the passage of the February 15, 2007 CR. Program appropriations that fall into this category have been identified by the term "estimate."

The table below provides the following information, by appropriation:

- **Total FY 07 Appropriations:**
These are the figures that appear in various colors (i.e., blue, red, orange, etc.) and are the original appropriation amounts which do not include Commission overhead deductions. These appropriations are identified by their source name (i.e., "Energy and Water Appropriation; USDA, Rural Utilities Service, etc.)
- **Total FY 07 Program Available Funding:**
These are the figures that appear in gray and are the amounts of funding available for program(s) activities after Commission overhead has been deducted.
- **Program Funding:**
These are the figures that appear in yellow and are the amounts of funding, within each appropriation, (i.e., from the "Base" appropriation funding for the Economic Development Program in the amount of \$2,000,000).
- **Subtotal of Program Funding**
These are the figures that appear in white and are the subtotals of all program funding within a given appropriation (i.e., the sub-total of program funding in the "Base" is \$47,025,000). The subtotal must always equal the Total FY 07 Program Available Funding.

Denali Commission FY 07 Appropriations Funding Table	
FY 07 Energy & Water Appropriation	\$49,500,000
FY 07 Energy & Water Appropriations ("Base") - Program Available (less 5% Commission overhead)	\$47,025,000
<i>Energy Program: bulk fuel, RPSU, etc.</i>	\$27,025,000
<i>Energy Program: alternative & renewable energy</i>	\$5,000,000
<i>Teacher Housing Program: design & construction</i>	\$5,000,000
<i>Health Facilities: planning, design & construction</i>	\$8,000,000
<i>Economic Development Program: various</i>	\$2,000,000
<i>Multi-Use Program</i>	\$0
<i>Public Broadcasting Program</i>	\$0
<i>Washeteria Program</i>	\$0
sub-total \$	\$47,025,000

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FY 07 USDA, Rural Utilities Service (RUS)	\$15,000,000
FY 07 USDA - Rural Utilities Service (RUS) - Program Available (less 4% overhead)	\$14,400,000
<i>Energy Program: high energy cost communities</i>	\$14,400,000
sub-total \$	\$14,400,000
FY 07 Trans Alaska Pipeline Liability (TAPL) Trust	\$4,201,398
FY 07 Trans Alaska Pipeline Liability (TAPL) – Program Available (less 5% overhead) ESTIMATE	\$3,991,328
<i>Energy Program: bulk fuel</i>	\$3,991,398
sub-total \$	\$3,991,398
FY 07 DHHS - Health Resources & Services Administration (HRSA)	\$39,283,200
FY 07 DHHS- Health Resources & Services Administration (HRSA) – Program Available (less 5% Commission overhead)	\$37,319,040
<i>Health Program: Primary Care clinic design, planning, construction</i>	\$29,119,040
<i>Health Program: Behavioral Health</i>	\$5,063,000
<i>Health Program: Primary Care in Hospitals</i>	\$2,500,000
<i>Health Program: Equipment</i>	\$637,000
<i>Health Program: Hospital Designs</i>	\$0
<i>Health Program: Elder Supportive Housing/Assisted Living</i>	\$0
sub-total \$	\$37,319,040
FY 07 Department of Labor (DOL)	\$6,875,000
FY 07 Department of Labor (DOL) – Program Available (less 5% Commission overhead)	\$6,531,250
<i>Training Program: Construction, Operations & Maintenance Training</i>	\$4,000,000
<i>Training Program: Management Training For Commission Projects</i>	\$1,000,000
<i>Training Program: Youth Initiatives</i>	\$1,000,000
<i>Training Program: Construction, Operations & Maintenance Training of "Other Public Infrastructure"</i>	\$531,250
sub-total \$	\$6,531,250
FY 07 Federal Transportation Administration (FTA) – Estimate	\$5,000,000
FY 07 Federal Highway Administration (FHWA) – Estimate	\$19,000,000
FY 07 Transportation (less 5% Commission overhead) -Estimate	\$22,800,000
<i>Transportation Program: Docks & Harbors</i>	\$9,000,000
<i>Transportation Program: Roads</i>	\$13,800,000
sub-total \$	\$22,800,000

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FY 07 USDA, Solid Waste	\$742,500
FY 07 USDA - Solid Waste – Program Available (less 5% Commission overhead)	\$705,375
<i>Solid Waste Program: planning, design and construction</i>	<i>\$705,375</i>
sub-total \$	\$705,375
TOTAL FY 07 Appropriations - Estimate	\$139,602,098

FY 07 PROGRAM SUMMARIES

The following section provides narrative discussion, by each of the Commission Programs identified for FY 07 funding in the table above, in the following categories:

- Program Background
- Program Approach
- FY 07 Program Funding
- FY 07 Program Implementation
- FY 07 Outputs & Outcomes

The following programs, or sub-program areas, which have been funded by the Commission in previous federal fiscal years **are not** recommended for funding in FY 07 and do not appear in the narrative below. Programs are not recommended for funding in FY 07 for a variety of reasons including the following: funds from previous FYs are still available for projects (public broadcasting and elder supportive/assisted living), the known universe of projects has been completed and/or additional projects are not feasible given sustainability requirements (washeterias); the Commission has completed its investment in a given program area (domestic violence and hospital designs),

- Washeterias
- Health Facilities:
 - Elder Supportive Housing/Assisted Living
 - Domestic Violence
 - Hospital Designs
- Multi-Use Facilities
- Public Broadcasting

In addition to the FY 07 funded program activities; the last section of the narrative provides an update on the Commission's Government Coordination Program. The Program is not funded by Commission appropriations, but is an integral component of the Commission's mission, the success of other programs, and the legacy of the Commission's work in Alaska.

Energy Program

Program Background: The Energy Program is the Commission's oldest program and is often identified, along with the Health Program, as a "legacy" program. The Program focuses on bulk fuel (BFU) and rural power system upgrades/power generation (RPSU) across Alaska.

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Since 1999, approximately 48% of all Commission funds have been allocated to the energy program (\$337 million). This amount includes all energy projects in the legacy program, as well as some alternative energy projects. In FY06, \$21.7 million went to legacy BFU, \$17.6 million to RPSU plus \$4.9 million to wind and \$2.3 million to interties related to the RPSU projects. The needs in the bulk fuel and power generation projects are presently estimated at \$198 million and \$211 million, respectively, in 2004 construction costs. At FY06 funding rates, it will take another eight to nine years for BFU and ten to eleven years for RPSU before these programs are completed. The Commission has also funded a very successful program of competitively selected energy cost reduction-alternative energy projects. In three completed rounds of funding, approximately \$6 million in grant funds have leveraged \$8.1 million in participant funding, with estimated life-cycle cost savings (generally diesel fuel avoided over the life of the project) of \$29 million.

The *Energy Policy Act of 2005* established new authorities for the Commission's Energy Program, with an emphasis on alternative and renewable energy projects, energy transmission, including interties, and fuel transportation systems. Although the 2005 Energy Policy Act did not include specific appropriations, the Commission is expected to carry out the intent of the Act through a portion of its "Base" funding. To date, the Commission has co-funded a number of renewable projects, including hydroelectric facilities, a geothermal power plant, a biomass boiler, and a number of diesel-wind power generation systems. The 07 draft Work Plan offers a strategy to rebalance the Energy Program in both legacy and renewable systems. About 94% of electricity in rural communities which receive Power Cost Equalization (PCE) payments is produced by diesel and about half the fuel storage in most villages is used for the power plants. Any alternative means of generating power can reduce the capacity needed for fuel storage. This reduces capital costs and operations and maintenance (O&M) and repair and renovation (R&R) costs for fuel storage facilities) and may reduce the cost of power to the community.

Thus, a renewable project sometimes is proposed in conjunction with a deficiency list project to reduce the dependence on diesel fuel, and the concomitant fuel storage requirements. So too, an intertie, can remove the need for a new power plant, and reduce fuel storage requirements in the intertied communities. Therefore, the legacy Program may include these types of energy infrastructure also. Each community and project must be evaluated holistically. Program partners also perform initial due diligence and Investment Policy screenings, as well as assisting in development of the business plans for the participants as the designs are underway. The Program is dynamic: priorities fluctuate throughout the year, based on design decisions, due diligence and investment policy considerations, site availability, the timing of funding decisions, etc.

Program Approach: The Energy Program has historically used a "universe of need" model to determine project and program funding. Specifically, the Program is focused on using the existing statewide deficiency lists of bulk fuel facilities and power generation/distribution systems to prioritize project funding decisions. A program

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partnership model is utilized for project management and partners are actively involved in the design and construction of projects. Partners coordinate project funding requests with the Commission to balance the relative priority or urgency of bulk fuel and power generation needs against available funding, readiness of individual communities and project participants for the project(s), and capacity of the partners to carry out the work.

FY 07 Program Funding: The Commission has historically directed that the Program continue to concentrate on completion of the legacy program of BFU and RPSU for communities on the statewide deficiency lists. In FY 07 the Program has received funding requests exceeding \$93 million, primarily for deficiency list projects.

As has always been the case in the Program, the funding requests exceed funds available. The legacy of BFU and RPSU remain integral to completing the Program mission, but they cannot and should not be accomplished in a vacuum which prevents applying appropriate technology and reducing rural dependence on diesel for energy needs. A well-balanced portfolio of BFU, RPSU and renewable/alternative energy projects will accomplish the overall program mission, and result in increased savings over the long term.

Provide up to \$27,025,000 to BFU and RPSU from the “Base” appropriation; and up to \$5,000,000 from the “Base” appropriation to alternative/renewable energy projects for competitive selection and requiring a 1:1 match to Commission funding.

Provide approximately \$14,400,000 to BFU and RPSU in communities with extremely high energy costs greater than 275% of the national average from the USDA-RUS appropriation; and \$4,015,895 to the BFU sub-program area from the TAPL funding. A total of up to \$49,440,895 in FY 07 program funding is planned.

In FY 07 the Commission intends to establish a new Energy Advisory Committee to make recommendations on future partners, organizations, and projects. The Committee will be comprised of a broad selection of individuals that are knowledgeable about energy in Alaska.

FY 07 Outputs & Outcomes: Program funding at the level identified above is likely to result in the following outputs:

- Completion of 2 interties
- 1 wind-diesel project
- 10 RPSU and 10 BFU projects
- Continuing design efforts
- Small number of energy cost reduction projects
- Small number of renewable/alternative energy projects

Completion of code-compliant bulk fuel storage facilities and power plant or distribution systems by definition has improved access to energy and created more safe and healthy rural communities. Program partners have collected anecdotal information on improved efficiencies and reduced costs at their upgraded facilities for the last several years.

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Additionally, the Commission has begun to gather and collate data more formally to quantify savings realized by individual projects and the Program.

Additional outcome measurements will be developed for the Program, and will largely be determined during the upcoming Strategic Planning process. Specifically, it is intended that the Program will develop more outcomes related to access and cost reduction.

Health Facilities Program

Program Background: The Denali Commission Act was amended in 1999 to provide for the, “planning, constructing and equipping of health facilities.” Since 1999, the Health Facilities Program has been methodically investing in the planning, design and construction of primary care clinics across Alaska.

Primary care clinics have remained the “legacy” priority for the Program. However, in 2003 the “Other Than” primary care component of the Program was adopted in response to Congressional direction to fund a mix of other health and social service related facility needs. Over time, the Program has developed Program sub-areas such as Behavioral Health Facilities, Domestic Violence Facilities, Elder Housing, Primary Care in Hospitals, Emergency Medical Services Equipment and Hospital Designs.

Program Approach: The Program utilizes a “universe of need” model for primary care and a competitive selection process for other sub-program areas. In 1999 the Program created a deficiency list for primary care clinics, which totaled 288 communities statewide in need of clinic replacement, expansion and/or renovation. Currently, 70 clinics have been completed (either new construction or renovation), 33 are in construction and 62 are in planning/design.

The Program is guided by the Health Steering Committee, an advisory body comprised of the following membership organizations: the State of Alaska, Alaska Primary Care Association, the Alaska Native Tribal Health Consortium, the Alaska Mental Health Trust Authority, the Alaska Native Health Board, the Indian Health Service, the Alaska State Hospital and Nursing Home Association, and the University of Alaska.

Projects are recommended for funding if they demonstrate project readiness, which includes the completion of all due diligence requirements. This includes an approved business plan, community plan, site plan checklist, completed 100% design, documentation of cost share match, and realistic ability to move the project forward in a given construction season.

FY 07 Program Funding: The language in the HRSA Appropriations bill for FY06 read as follows: *The Committee provides \$39,680,000 for the Denali Commission. The fiscal year 2005 comparable level was \$39,680,000 and the administration did not request funding for this program in fiscal year 2006. These funds support construction and renovation of health clinics, hospitals and social service facilities in rural Alaska, as authorized by Public Law 106-113, to help remote communities in Alaska develop critically needed health and social service infrastructure for which no other funding*

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sources are available, thereby providing health and social services to Alaskans in remote rural communities as they are in other communities throughout the country. The Committee expects the Denali Commission to allocate funds to a mix of rural hospital, clinic, long-term care and social service facilities, rather than exclusively on clinic funding.

Background: As of spring 2007, nearly \$45 million worth of clinic projects are projected as construction ready. In addition, some 40 communities are actively completing planning and design requirements and will likely be ready for the 2008 construction season. The Program's model of planning, design and construction has been very successful, and has resulted in the significant need described above.

Therefore the program will provide a total of \$37,319,040 to primary care clinics, of which \$8,000,000 is funded through "base" and \$29,319,040 is funded through HRSA.

No funds are provided for hospital designs. The Commission has been actively engaged in hospital designs in partnership with the Indian Health Service for several years. While the Commission recognizes the ongoing need for construction funding for hospitals, the recommendation is that the Commission's health funding be limited only to design need.

Provide a total of up to \$5,063,000 for the sub-program area of behavioral health. The behavioral health facilities sub-program has successfully developed a functional process for allowing organizations to expand capacity for serving a specific population of youth in residential treatment with the goal of keeping them closer to their homes in Alaska.

Provide a total of up to \$2,500,000 to the primary care in hospitals sub-program area. Primary care improvements in hospitals focus on the primary care repair, renovation and equipment needs within a hospital setting. Project selection, prioritization and due diligence determined through a competitive process.

Provide a total of up to \$637,000 to the emergency medical services (EMS) equipment sub-program. Since its inception the Health Program has funded EMS equipment needs across the state of Alaska. This sub-program area receives wide support and cost share matching from other funding organizations in Alaska. A condition for funding is that projects proceed to award within a timely manner, consistent with other program areas.

The FY 07 Program funding strategy is based on a total of \$37,319,040 in HRSA appropriations and additionally up to \$8,000,000 in "Base" appropriations for a total of up to \$45,319,040 in program funding.

FY 07 Outputs & Outcomes: Program funding at the level identified above is likely to result in the following outputs:

- Clinics
 - 18 construction projects
- Behavioral Health
 - 4 construction projects

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- Primary Care in Hospitals
 - 9 equipment/renovation projects
- EMS Equipment
 - Unknown; pending selection

Outcome goals related to increased access and reduction in cost are anticipated for FY 2008 and will be developed in response to the Program Evaluation and pending Strategic Planning efforts.

Training Program

Program Background: In a majority of rural communities unemployment rates exceed 50% and personal capita income rates are over 50% below the national average. When job opportunities in rural Alaska do become available, rural residents often lack the skills necessary to compete and often lose those jobs to people from outside the community, region or even state. With the limited number of jobs available the Commission believes it is imperative to ensure that local residents have the skills and knowledge necessary to work on the construction of projects funded by the Denali Commission. In addition the Commission builds sustainability into the development of infrastructure by providing training for the long term management, operations and maintenance of facilities and thus increasing local employment at the same time.

The Program's mission is to increase the employment and wages of unemployed or underemployed Alaskans through training for careers in construction, operations and maintenance of public facilities.

The Program is also guided by the following principles:

- Priority on training for construction, operations and maintenance of public infrastructure
- Training will be tied to a job
- Training will encourage careers not short term employment
- Funding will support a "Training System"

Program Approach: To date the Commission has dedicated training funds to the careers associated with infrastructure development and long-term sustainability in rural Alaska. The Commission has funded construction, operations and maintenance training in communities statewide with large success.

The Training Program's primary purpose is to support the Commission's investment in infrastructure development by providing training for the careers related to the Commission infrastructure programs (such as Energy and Health Facilities).

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Following are the Program's priorities related to training activities that support infrastructure:

- Priority #1 - Training for Construction, Operations and Maintenance of Commission Projects

Description: At the core of the Training Program is the continuation of training related to the construction, operations and maintenance of Commission funded projects. The Commission training program centers on the goal of creating employment opportunities for local residents to construct Commission funded projects and develop the skills necessary to operate and maintain Commission facilities.

- Priority #2 - Management Training for Commission Projects

Description: A sustainable Commission facility not only requires the skills training for operations and maintenance of the physical facility but also requires the management training related to the operations of such a facility. The skills of planning, reporting and accounting are all essential to the survival of rural infrastructure.

- Priority #3 – Youth Initiatives in support of Commission Projects

Description: Preparing Alaskans youth for careers that support the Denali Commission's mission of building sustainable communities.

- Priority #4 - Construction, Operations and Maintenance Training of "Other Public Infrastructure"

Description: In order to build capacity in communities, regionally and statewide the Commission invests in the training for projects that are not funded by the Commission directly. This investment increases the skills and knowledge of rural residents in order to ultimately maintain Commission projects and all other publicly funded projects.

Historically the Commission has provided funding directly to organizations that are able to deliver results in the priority areas as described above. These organizations have typically been selected by the Commission directly or through competitive requests for proposals managed by partner organizations

FY 07 Program Funding: The Commission expects to have available \$6,531,250 in FY 07 funding for the Training Program. This funding is provided by the U.S. Department of Labor to support the program. The Commission anticipates receipt of this funding in July 2007.

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Provide up to the following funding amounts in the following general categories pursuant to its priority areas, funds may also be moved from one priority area to another as appropriate:

Priority #1	Construction, Operations and Maintenance Training of Denali Commission Projects (to include health services and training related to allied health)	\$4,000,000
Priority #2	Management Training for Commission Projects	\$1,000,000
Priority #3	Youth Initiatives	\$1,000,000
Priority #4	Construction, Operations and Maintenance Training of "Other Public Infrastructure"	\$531,250

In FY 07 the Commission intends to establish a new Training Advisory Committee to make recommendations on the partners, organizations, and projects that should receive FY 07 funding under the priority areas outlined above. This Advisory Committee will be comprised of a broad representation of individuals that are knowledgeable of training in rural Alaska.

FY 07 Outcomes & Outputs: Program funding at the level identified above is likely to result in the following outputs:

- Over 1300 people trained
- Cost per participant trained is less than \$5,000
- 5% increase in employment 7-12 months after Commission funded training
- 35% increase in annual earnings 7-12 months after Commission funded training

The following longer term outcome goals have been identified for the Program:

- 35% increase in annual earnings 5 years after Commission funded training

Additional outcome goals will be developed in response to the Program Evaluation and pending Strategic Planning efforts.

Transportation

Program Background: On August 10, 2005, the President signed into law new highway program reauthorization legislation titled Safe, Accountable Flexible Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). This Act provides the Commission with \$15 million annually for fiscal years 2005-2009 for a Denali Access System program. The Act also provides the Commission \$10 million annually for Fiscal Years 2005-2009 for docks, harbors and related waterfront development projects. The Act also outlined the array of road projects Denali Access System is designed to target, rural community streets and roads, roads between rural communities, state highway system; and roads to access resource development.

The Act requires the formation of an Advisory Committee to advise the Commission with members appointed by the Governor of Alaska. On November 11, 2005, Governor Murkowski announced appointments to the Denali Access Systems Transportation Advisory Committee (TAC). The nine member committee includes by law, four members

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who represent existing regional native corporations, native non-profit entities, tribal governments and four members who represent rural Alaska regions or villages. The committee chair is Denali Commission Federal Co-Chair, George J. Canelos.

As a result of a TAC-directed public outreach and agency coordination effort, the \$23,750,000 program has now begun to focus attention on two important transportation needs: roads and boardwalks, and barge landing moorage systems. Village connector roads and roads to local and regional resources will continue to receive significant attention, but to the extent practical each year, local roads and boardwalks in small rural communities will receive primary attention. The program will also maintain its focus on dust control in villages. In the waterfront development program, docks and harbors in small coastal communities will continue to receive attention, but there is a significant need for barge landings in coastal and riverine communities to improve operational safety and efficiencies. This class of project will receive primary consideration each year to the extent funding and construction schedules allow.

Another evolution in Program development, especially in the road Program, has been a shift from maximizing financial leveraging opportunities with other transportation agencies, to fully funding, as necessary, the program's highest priority projects. In FY 06, the \$23 million transportation program leveraged almost \$100 million in projects. In coming years, while striving to leverage funding opportunities, an emphasis on priorities over funding partnerships will likely reduce the overall program joint-fund total.

Program Approach: The TAC is a central feature of the amendments to the Denali Commission Act of 1998 that defines the Denali Access System. Section 309 defines key committee responsibilities that include: recommend transportation priorities and funding strategies; develop public involvement and coordinating planning programs; develop annual capital budget recommendations; and coordinate multi-region projects.

The TAC reviews project nominations on a semi-annual basis, once in December for project selections and once during the summer to monitor project development.

In addition to meeting transportation-specific criteria and processes, the Program fully incorporates Denali Commission policies including a commitment to sustainable community projects, and a commitment to the Commission's Investment Policy.

FY 07 Program Funding: The Commission will provide up to \$14,750,000 to the roads component of the Program. Local roads projects have immediate benefits for health and quality of life, while having minimal impact on the environment. This program element includes boardwalks in many river delta and coastal areas of the state.

Provide up to \$9,000,000 to the waterfront development component of the program. In the waterfront development program, small community harbor rehabilitation and expansion needs are recognized and will continue to receive attention. However, as demonstrated in several analyses since 2000, including the Alaska Department of Transportation and Public Facilities Yukon-Kuskokwim Plan and the Northwest Alaska

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Plan, and the US Army Corps of Engineers Yukon-Kuskokwim Regional Port Study, barge landing design and construction is the most urgent unmet maritime need in rural Alaska.

FY 07 Outcomes & Outputs: Program funding at the level identified above is likely to result in the following outputs:

- Roads
 - 9 projects in design; 15 projects in construction
- Water Front Development
 - 9 projects in design; 11 projects in construction

Outcome goals related to increased access and reduction in transportation costs are anticipated for FY 08 and will be developed in response to the Program Evaluation and pending Strategic Planning efforts.

Solid Waste

Program Background: The Commission began receiving solid waste funding in FY 06. The Commission partners with USDA Rural Development to address deficiencies in solid waste disposal sites which threaten to contaminate rural drinking water supplies.

Proper solid waste collection, processing and disposal are an essential public service that often presents a difficult challenge in rural Alaska. Due to several factors, including limited rural Alaska local government budgets, community remoteness, limited transportation infrastructure and obstacles posed by Alaska's severe climate, solid waste service is a prominent widespread deficiency in the context of Alaska's wide array of environmental issues and public health and quality of life issues.

Program Approach: The program relies on a competitive RFP process to select and identify projects, and utilizes a multidiscipline review panel to ensure that projects meet all Commission due diligence and policy requirements. Typically this RFP process occurs once or twice in a given year depending on need and project eligibility.

Beginning in FY 07 funds will be granted to program partners and will not be awarded directly to individual recipients.

FY 07 Program Funding: Provide up to \$705,375 to conduct a competitive RFP process to select eligible projects and program partners.

FY 07 Outputs & Outcomes: Program funding at the level identified above is likely to result in the following outputs:

- Funding of up to 15 projects

Outcome goals related to increased access and reduction in cost are anticipated for FY 08 and will be developed in response to the Program Evaluation and pending Strategic Planning efforts.

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Other Accompanying Information

Appendix C: Denali Commission FY07 Work Plan

Teacher Housing

Program Background: Teaching in rural Alaska can be one of the most rewarding and challenging professions. A critical issue for rural teachers is finding safe, affordable housing during the school year. Housing availability varies by community from newer adequate homes, to old housing units with multiple safety and structural problems, to a lack of enough available housing, requiring teachers to double-up or even live in the school.

Teacher turnover rates are high in rural Alaska, with many teachers citing unavailable or inadequate housing as a factor in their decision to move. The quality of education received by students is impacted by teacher retention. By improving the availability and quality of housing for teachers, the Commission strives to also increase the quality of education received by the next generation of Alaskans.

In FY04, Congress directed the Commission to address the teacher housing needs in rural Alaska. The Commission launched a statewide survey of 51 school districts and rural education attendance areas to identify and prioritize the teacher housing needs throughout the state. Urban districts in Anchorage, Fairbanks, Mat-Su and Juneau were not included in the survey.

Program Approach: The Commission utilizes a program partnership model to implement the teacher housing program. An annual RFP process identifies eligible projects and other funding sources, such as debt service, available to fill the gap between the project's capacity to carry debt and the total development cost of the project. Acquisition, rehabilitation, new construction, and multi-site rehabilitation are eligible development activities under this program.

FY 07 Program Funding: Provide up to \$5,000,000 from the "Base" appropriation for ongoing funding of the Teacher Housing Program, via competitive annual RFP.

FY 07 Outputs & Outcomes: Program funding at the level identified above is likely to result in the following outputs:

- Funding of up to 20 units (renewal & replacement and new construction)

Outcome goals related to increased access and reduction in cost are anticipated for FY 08 and will be developed in response to the Program Evaluation and pending Strategic Planning efforts.

Economic Development

Program Background: Since its earliest days as a territory of the United States, Alaska has contributed to the economy of America, largely through supply of raw materials or partially processed products. Now Alaska's abundant natural resources, from fossil fuel and mineral products to timber and fish, must compete in the global marketplace. Innovation and entrepreneurship have become critical to business success.

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One of the purposes of the Commission is economic development. The Commission firmly believes that sustainable economic development for Alaska's rural communities, like that of the rest of America, will be generated in the private, commercial sector, not within government. To that end, the Commission supports the development of public infrastructure upon which the private sector creates jobs and wealth, and helps ensure that good businesses and business ideas have a chance to become long-term, self-sustaining enterprises.

Over the history of the Program, the Commission has supported and advanced a wide-array of economic development program activities ranging from community profile mapping to supporting innovative models for lending, and equity investment in Alaska.

Program Approach: The Program has a documented history of involvement with numerous partners and program activities. However, the Program has lacked a cohesive and well-articulated focus and project selection process.

FY 07 Program Funding: Provide up to \$2,000,000 from the "Base" appropriation for the Program.

In FY 07 the Commission intends to establish a new Economic Development Advisory Committee to make recommendation on the partners, organizations, and projects that should receive FY 07 funding. In addition this Committee, in concert with the Commission would provide priority areas for funding and project focus, similar to the process of priority identification in the Training Program. The Committee will be comprised of a broad selection of individuals that are knowledgeable about economic development in rural Alaska.

FY 07 Outputs & Outcomes: Specific outputs have not been recorded for the Program. To date output data has been generated on a project-by-project basis as it related to economic investment, development, job creation, income enhancement, quality of life, etc.

Output and outcome goals related to increased access and reduction in cost are anticipated for FY 08 and will be developed in response to the Program Evaluation and pending Strategic Planning efforts, and in concert with the development of the Program's Advisory Committee.

Multi-Use Facilities

Program Background: In 2003 the Commission received Congressional direction for a multi-use facility program. The Program was originally managed by Commission staff and funded only construction-ready projects. A Multi-Use Facility is a facility which provides two or more uses. A variety of uses may be consolidated into a single facility, but priority for funding under this program will go to uses associated with life, health and safety. In accord with the purpose of the Denali Commission, as established in the enabling legislation, the Multi-Use Facility Program is designed to encourage

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consolidation of compatible essential community services eliminating duplication of services and increasing the efficiency with which services are delivered.

Program Approach: The Program utilizes a program partnership model. The Alaska Department of Commerce, Community and Economic Development, Division of Community Advocacy (A-DCCED, DCA) manages the program on the Commission's behalf, and also manages the request for proposal process that identifies eligible planning, design and construction projects.

In FY 07 the Commission intends to conduct an external evaluation of the Multi-Use Program. This evaluation will include review of cost per square foot, project selection and design/construction management processes, eligibility requirements and other evaluation factors as appropriate.

Additional outcome data will be developed for the program in concert with the external evaluation process discussed above.

Government Coordination

Program Background: The Commission is charged with the special role of increasing the effectiveness of government programs by acting as a catalyst to coordinate the many federal and state programs that serve Alaska. The Commission led the way by committing state, federal, and non-profit organizations and agencies to this effort in jointly signing a Memorandum of Understanding (MOU). This MOU outlines the role of agencies in coordinating resources and efforts in areas such as community planning, sustainability, information technology and data sharing and coordination of pre-construction activities. This MOU served as the basis for the creation of several multi-agency work groups and cooperative projects that have served to increase the agencies' collective effectiveness. The MOU was amended in 2003 with increased participation from both the state and federal partners.

FY 07 Program Goals: The Commission is planning to begin work on a revised MOU in FY 07 and anticipates further broadening the partner and signatory list to include members of the philanthropic, development and Community Development Quota (CDQ) groups. In addition the Commission is working actively with other federal and state partners to evaluate the current MOU workgroups, update membership as necessary and continue critical discussions related to infrastructure, community planning and collaborative funding and project selection.

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